

shall review the request for legal sufficiency, tribal acceptance, demonstration of family interest, and financial feasibility. If the IHA does not propose to convert all units in a development, the IHA's ability to operate the remaining Turnkey III units shall not be adversely affected.

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**§ 950.505 Eligibility and selection of Turnkey III homebuyers.**

(a) *Applications.* Families who wish to be considered for Turnkey III shall apply specifically for that program, and a separate list of eligible applicants for Turnkey III shall be maintained. Applications shall be dated as received. The submission of an application for Turnkey III by a family that is also an applicant for conventional rental housing or that is an occupant of such housing shall in no way affect its status with regard to such rental housing. A family shall not lose its place on the waiting list until it is selected for Turnkey III and shall not receive any different treatment or consideration with respect to other rental housing programs due to having applied for Turnkey III. In order to be considered for selection, a family shall be determined to meet at least all of the following standards of potential for homeownership:

(1) Sufficient income to cover the EHPA, NRM, and the estimated cost of utilities with its required monthly payment (see § 950.315); and

(2) Ability to meet all obligations under the Homebuyer Agreement.

(b) *Selection and notification of homebuyers.* Homebuyers shall be selected from those families determined to have potential for homeownership. Such selection shall be made in sequence from the waiting list.

**§ 950.507 Homebuyer Ownership Opportunity Agreements (HOOA).**

(a) *General.* The HOOA shall be executed between the IHA and the homebuyer as a condition for occupancy of a Turnkey III unit.

(b) *Pre-Existing Agreements.* (1) Turnkey III Projects in operation on the effective date of this subpart shall be governed by this subpart, except to the

extent that the terms of any pre-existing Homebuyer Agreements shall govern the relationship of an IHA and occupant until the termination or cancellation of such agreement(s). If the agreement establishes a maximum or a minimum monthly payment, the terms of the agreement shall govern. However, in no event will the monthly payment charged exceed the Total Tenant Payment determined in accordance with subpart D of this part.

(2) Pre-existing Homebuyer Agreements that determined the required monthly payment in accordance with a "Schedule" developed by the IHA and approved by HUD should continue to determine the monthly payment in accordance with the schedule. This schedule is determined as follows:

(i) The operating budget for the project is based on estimated expenses for a given period of time. The amount needed to operate a particular project is called the break-even amount (see § 950.513(a)). This is comprised of the Operating Expenses, the total amount needed for EHPA, and the total amount needed for NRM.

(ii) The aggregate of all homebuyers' incomes is determined. (If no definition of income is stated in the homebuyer's contract, the definition in subpart A of this part is used.)

(iii) The percentage of aggregated income needed to cover 110 percent of the break-even amount is determined. This percentage is the one that appears in the schedule.

**§ 950.509 Responsibilities of homebuyer.**

(a) *Repair, maintenance, and use of home.* The homebuyer shall be responsible for the routine maintenance of the home to the satisfaction of the homebuyers' association (HBA) and the IHA.

(b) *Repair of damage.* In addition to the obligation for routine maintenance, the homebuyer shall be responsible for repair of any damage caused by the homebuyer, other occupants, or visitors.

(c) *Care of home.* A homebuyer shall keep the home in a sanitary condition; cooperate with the IHA and the HBA in keeping and maintaining the common areas and property, including fixtures

and equipment, in good condition and appearance; and follow all rules of the IHA and the HBA concerning the use and care of the dwellings and the common areas and property.

(d) *Inspections.* A homebuyer shall agree to permit officials, employees, or agents of the IHA and the HBA to inspect the home at reasonable hours and intervals in accordance with rules established by the IHA and the HBA.

(e) *Use of home.* (1) A homebuyer shall not:

(i) Sublet the home without the prior written approval of the IHA;

(ii) Use or occupy the home for any unlawful purpose; or

(iii) Provide accommodations (unless approved by the HBA and the IHA) to boarders or lodgers.

(2) The homebuyer shall agree to use the home primarily as a place to live for the family (as identified in the initial application or by subsequent amendment with the approval of the IHA).

(f) *Obligations with respect to other persons and property.* Neither the homebuyer nor any other member of the family shall interfere with the rights of other occupants of the development, damage the common property or the property of others, or create physical hazards.

(g) *Structural changes.* A homebuyer shall not make any structural changes in or additions to the home unless the IHA has determined that such change would not:

(1) Impair the value of the unit, the surrounding units, or the development as a whole; or

(2) Affect the use of the home for residential purposes;

(h) *Statements of condition and repair.* When each homebuyer moves in, the IHA shall inspect the home and shall give the homebuyer a written statement, to be signed by the IHA and the homebuyer, of the condition of the home and the equipment in it. Should the homebuyer vacate the home, the IHA shall inspect it and give the homebuyer a written statement of the repairs and other work, if any, required to put the home in good condition for the next occupant. The homebuyer or the homebuyer's representative and a

representative of the HBA may join in any inspections by the IHA.

(i) *Maintenance of common property.* The homebuyer may participate in nonroutine maintenance of the home and in maintenance of common property.

(j) *Assignment and survivorship.* Until such time as the homebuyer obtains title to the home, the following conditions apply:

(1) A homebuyer shall not assign any right or interest in the home or any interest under the Homebuyer Ownership Opportunity Agreement without the prior written approval of the IHA;

(2) In the event of death, mental incapacity, or other condition as determined by the IHA, the person designated as the successor in the Homebuyer Ownership Opportunity Agreement shall succeed to the rights and responsibilities under the agreement if that person meets the conditions established by the IHA. Such person shall be designated by the homebuyer. If there is no such designation, or the designee does not meet the standards of potential for homeownership, the IHA may consider as the homebuyer any family member who meets the standards of potential for homeownership;

(3) If there is no qualified successor in accordance with paragraph (j)(2) of this section, and no minor child of the homebuyer's family is in occupancy, the IHA shall terminate the agreement and select another family. Where a minor child or children of the homebuyer's family is in occupancy, and an appropriate adult(s) who has been appointed legal guardian of the children is able and willing to perform the obligations of the Homebuyer Ownership Opportunity Agreement in their interest and on their behalf, then in order to protect continued occupancy and opportunity for acquisition of ownership of the home, the IHA may approve the guardian(s) as occupants of the unit with a duty to fulfill the homebuyer obligations under the agreement.

#### **§ 950.511 Homebuyers' association (HBA).**

(a) *General.* (1) The homebuyers' association (HBA) is an incorporated organization composed of all homebuyers